

## **INTERNATIONAL BUSINESS NEWS - DECEMBER 2006**

**U.S. Department of Commerce**  
**International Trade Administration - U.S. Export Assistance Center**  
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***Seasons' Greetings from the Staff of the U.S. Export Assistance Center in Arkansas***

***Dennis Millard, International Trade Specialist***

***Ray Riggs, International Trade Specialist***

***Mary Hayward, Export Assistance Specialist***

### **UCP 600 CHANGES®**

**Learn the New Rules to Avoid Litigation and Non-Payment Rules for Letters of Credit**  
**Reprinted with permission from the Dec. 2006 issue of**  
**IOMA's Managing Imports & Exports**

Important changes to the internationally recognized rules for letters of credit, UCP 600, will go into effect on July 1, 2007-less than a year away! While the UCP is not law, if the LC makes its self "subject to the UCP 600," this set of rules is incorporated into the LC. This is important because an LC exists to ensure payment to the beneficiary (the seller). If the seller fails to understand the rules that determine whether his or her documents comply, the entire payment is put at risk, after the merchandise has been shipped!

If you are using letters of credit, either commercial or standby in your import-export operations, you need to know about the new rules, the changes, and how they are going to impact you.

The United States Council for International Business (USCIB), U.S. affiliate of the ICC, is offering training seminars in major cities nationwide

**A seminar on the UCP 600 changes will be held in Memphis on January 30, 2007.**

For details on this program as well as other UCP 600 seminars, go to <http://www.ucp600seminar.org> or contact Davis Hodge, USCIB manager, e-commerce, marketing, and banking, 212-703-5061; [edhodge@uscib.org](mailto:edhodge@uscib.org)

For the entire article "UCP 600 Changes" go to <http://www.buyusa.gov/arkansas/ucpchange.pdf>

### **TEAMING UP FOR GLOBAL COMPETITIVENESS: COMMUNITY BANKS, TRADE CREDIT INSURERS AND SBA**

To be successful in global markets, small exporters must have access to working capital and diversified risk mitigation strategies. Like larger companies, they face the same competitive pressures to offer liberal sales terms, and they have the same potential exposures to non-payment risk. To learn how SBA and Eximbank can level the playing field for small exporters, go to <http://www.buyusa.gov/arkansas/sbaglobal.pdf>

### **NEW U.S. PASSPORT REQUIREMENTS JAN. 1, 2007**

The Intelligence Reform and Terrorism Prevention Act of 2004 requires that by January 1, 2007 travelers to and from the Caribbean, Bermuda, Panama, Mexico and Canada have a passport or other secure, accepted document to enter or reenter the United States. For more information go to [http://www.travel.state.gov/travel/cbpmc/cbpmc\\_2223.html](http://www.travel.state.gov/travel/cbpmc/cbpmc_2223.html)

## **USDA DELAYS REMOVAL OF EXEMPTIONS FROM INSPECTION AND USER FEE REQUIREMENTS FOR CANADA**

The U.S. Department of Agriculture's Animal and Plant Health Inspection Service is delaying the effective date and establishing a staggered implementation for the collection of user fees for inspections of Canadian grown fruits and vegetables, commercial vessels, trucks, railroad cars and aircraft, as well as international passengers entering the U.S. from Canada. The interim rule establishing these fees was originally scheduled to take effect on Nov. 24. This delay will allow affected groups to make necessary preparations for complying with the inspection and collection procedures.

For details click on <http://www.usda.gov/wps/portal/> Under "In the News" click on the article "[USDA Delays Removal of Exemptions from Inspection and User Fee Requirements for Canada](#)"

## **BRAZIL STANDARDS INMETRO AND ABNT**

The initial module in the Brazilian Standards Series ("BSS") was written to explain the legal framework and operations of Inmetro, a critical player in technical regulations (mandatory standards) in Brazil. The report explains the policy and technical operations of ABNT, Brazil's National Standards Body and the only voluntary standards development organization ("SDO") in Brazil. The module explains the legal authority behind Inmetro, how Inmetro adopts ABNT's voluntary standards as technical regulations and how ABNT develops voluntary standards in Brazil. Most importantly, it shows how U.S. firms can meaningfully participate in the standards development process within ABNT, Brazil's only SDO. Read this report at <http://www.buyusa.gov/arkansas/brazstandards.pdf>

## **EU REGULATORY COMPLIANCE The Packaging and Waste Directive- Oct. 2006 By Flavie Guerin, U.S. Dept. of Commerce, Brussels, Belgium**

All exporters to the EU need to be aware of the packaging and packaging waste directive (PPWD) since it covers all types of packaging (household, industrial and commercial), regardless of the packaging material used (paper, board, glass, plastic, wood, metals); and all packaging waste. The directive establishes criteria for the definition of packaging (Article 3) and gives a list of examples of what is considered a packaging under EU law (Annex I). For example, a film overwrap around a CD case or labels hung directly on or attached to a product are considered as packaging and have to meet requirements under the packaging and packaging waste directive. Download this EU regulatory document at <http://www.buyusa.gov/arkansas/euwasteoct06.pdf>

## **EU: THE NEW EU BATTERY DIRECTIVE By Flavie Guerin U.S. Dept. of Commerce, Brussels, Belgium**

The new EU Battery directive that came into force on 26 Sep. 2006 applies to all batteries and accumulators put on the EU market including automotive, industrial and portable batteries. It aims to protect the environment by restricting the sale of batteries and accumulators that contain mercury or cadmium (with some exceptions) and by promoting a high level of collection and recycling. It places the responsibility on producers to finance the costs associated with the collection, treatment and recycling of used batteries and accumulators. The directive also includes provisions on the labeling of batteries and their being removed from equipment. U.S. exporters to the EU that produce and use batteries and accumulators and those involved in the collection, treatment and recycling of batteries and accumulators should be aware of the new requirements. For details go to <http://www.buyusa.gov/arkansas/eubattery.pdf>

### **ASK THE EXPERTS®**

**Reprinted with Permission from Dec. 2006 issue of IOMA's Managing Imports & Exports  
MIE's 'Ask the Experts' team-Alan Gaudio, Robert Imbriani, and Joseph Zodl, consultants  
for Unz & Co.m, answer readers' import- or export-related questions.**

**This month's column is by Alan Gaudio.**

#### Import-Export Manager's Question:

Frequently a foreign customer asks us to place a Harmonized Tariff System (HTS) classification on a commercial invoice that differs from the one we would report in our Automated Export System (AES) submission. Should we comply with such a request? If documentation from a foreign vendor contains an HTS classification we believe to be incorrect, should we use the vendor's classification for U.S. import declarations?

#### Mr. Gaudio's Answer:

Let's take the import side first. As the importer, under U.S. regulations, you are solely responsible for information declared to Customs & Border Protection (CBP) at entry. My very strongest recommendation is that you never rely on a foreign vendor's HTS classification. Report the HTS classifications you are confident of, regardless of what is on a foreign vendor's documentation. Always validate the foreign vendor's classification within the U.S. HTS to establish the correct classification to be declared.

On the export side, the U.S. exporter is solely responsible for HTS classifications provided in AES filings, so declare only the classifications for your exported goods you are sure of. Complying with a foreign customer request to place some other HTS number on outbound documents is a practice I cannot condone. Remember: Your foreign customer has the same obligations to its own customs service that you have to yours. Since you have no regulatory obligation to place an HTS classification on outgoing documentation, I recommend you either place one you are confident of or none at all. Placing a classification on an outgoing commercial invoice is purely a service to the customer.

A final point: The HTS is "harmonized" among all countries that have adopted it only to the sub-heading (six-digit) level. Placing a U.S. 10-digit HTS number on outgoing documents may possibly cause confusion or error in the destination country. Therefore, limit your information to the six-digit level and only the six digits you know to be correct.

### **UNDERSTANDING AND DEALING WITH FOREIGN SALES AGENTS AND DISTRIBUTORS**

**Edited from an article by Thomas P. Mottley**

**Senior International Specialist**

**U.S. Dept. of Commerce, U.S. Commercial Service, Trenton, New Jersey**

Export success often depends on representation overseas. Picking the right sales agent, distributor, or other business partner is not easy and yet, critical. So it pays to take a look at the nature of overseas reps.

An "agent" is a sales person or sales company, which does not take title to the merchandise or product. The agent, generally working on commission, develops foreign orders and facilitates them, similar to a US based "manufacturer's rep" or salesman.

A "distributor" tends to be a company with brick-and-mortar assets, which purchases (imports) products, takes title, stocks, maintains inventory, and re-sells. Distributors or "dealers" usually work on a sliding scale discount basis and provide installation, repairs, customs and port clearances, delivery, and after-sales service such as warranty work.

To learn the best ways that agents or distributors can represent you, read Thomas Mottley's excellent article "Understanding and Dealing with Foreign Sales Agents and Distributors" at <http://www.buyusa.gov/arkansas/adsbest.doc>

## **USEFUL WEBSITES**

### **Update on Changes to the Harmonized System**

In our November 2006 newsletter we referred to upcoming, proposed changes in the Harmonized Codes. FYI, following is a link to the publication "Proposed Modifications to the Harmonized Tariff Schedule of the U.S." When downloading, please note that this is a 318 page manual. <http://hotdocs.usitc.gov/docs/tata/hts/Pub3851.pdf>

### **New Electronic Manifest Policy on U.S. Land Borders**

On Oct. 27, 2006, U.S. Customs and Border Protection (CBP) published a Federal Register Notice detailing the first group of land border ports to require truck carriers to file electronic manifests (e-Manifests). Implementation begins Jan. 25, 2007. The mandatory e-Manifest policy will be implemented in a phased approach, and will eventually cover all ports. Additional notices will be posted on the CBP Modernization Web site. To learn more about the new electronic manifest policy go to <http://www.cbp.gov/>

### **International Governments Statistical Agencies**

This U.S. Census Bureau Website lists statistical information for many countries worldwide. To learn about the economies, populations, GDP, and other statistics for countries around the world, go to [http://www.census.gov/main/www/stat\\_int.html](http://www.census.gov/main/www/stat_int.html)

### **Import-Export Resources from the United Nations**

The UN Economic Commission for Europe (UNECE) has produced a number of master templates for crucial trade documentation. The site also contains a valuable section on Incoterms 2000. [http://www.unece.org/cefact/recommendations/rec\\_index.htm](http://www.unece.org/cefact/recommendations/rec_index.htm)

### **Apostilles**

Apostilles are used to establish the means for signatory countries to provide each other with a means for the legalization and authentication of documents issued in each country, but to be presented to and used in another. These documents indicate to the receiving country that the documents transmitted are authentic. Such documents may be official records like birth or death certificates, or simply the authentication of a notary public signature. Often a party in a foreign country will ask for an apostille to prove to their authorities that the information being presented by your business client is authentic. Apostilles are obtained from the Secretary of State in the U.S. state in which the document in question was issued. There is a small fee and the request for an apostille must also be accompanied by an indication of which country it is being provided to. Translation may also be required. For Arkansas's Apostilles Website go to [http://www.sos.arkansas.gov/corp\\_ucc\\_authentication\\_docs.html](http://www.sos.arkansas.gov/corp_ucc_authentication_docs.html)

**COMMERCIAL NEWS USA - MARCH-APRIL 2007 ISSUE:**  
**Advertising Deadlines: Jan 12, 2007 for space; Jan. 19, 2007 for materials**

**Exporter of the Year Awards**  
**Franchising Industry**  
**Safety & Security Industry**  
**Wireless Communications Industry**

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Website <http://www.export.gov/cnusa>

**We hope you've enjoyed this edition of our newsletter. Any mention of non-government sources does not constitute endorsement.**

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